

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION**

IN RE:)	
	)	Case No. 19-00730
CAH ACQUISITION COMPANY #1, LLC, d/b/a WASHINGTON COUNTY HOSPITAL,	)	Chapter 11
Debtor.)	
<hr/>		
IN RE:)	
	)	Case No. 19-01230
CAH ACQUISITION COMPANY #2, LLC, d/b/a OSWEGO COMMUNITY HOSPITAL,	)	Chapter 11
Debtor.)	
<hr/>		
IN RE:)	
	)	Case No. 19-01180
CAH ACQUISITION COMPANY #3, LLC, d/b/a HORTON COMMUNITY HOSPITAL,	)	Chapter 11
Debtor.)	
<hr/>		
IN RE:)	
	)	Case No. 19-01300
CAH ACQUISITION COMPANY 6, LLC, d/b/a I-70 COMMUNITY HOSPITAL,	)	Chapter 11
Debtor.)	
<hr/>		
IN RE:)	
	)	Case No. 19-01298
CAH ACQUISITION COMPANY 7, LLC, d/b/a PRAGUE COMMUNITY HOSPITAL,	)	Chapter 11
Debtor.)	
<hr/>		
IN RE:)	
	)	Case No. 19-01697
CAH ACQUISITION COMPANY 12, LLC, d/b/a FAIRFAX COMMUNITY HOSPITAL,	)	Chapter 11
Debtor)	

IN RE:	)	Case No. 19-01227
CAH ACQUISITION COMPANY 16, LLC, d/b/a)	
HASKELL COUNTY COMMUNITY	)	Chapter 11
HOSPITAL,)	
	)	(Jointly Administered)
Debtor.)	
)	

TRUSTEE'S FOURTH STATUS REPORT ON SALES OF DEBTORS' ASSETS

NOW COMES Thomas W. Waldrep, Jr., the trustee (the “Trustee”) for the above-captioned debtors (individually, a “Debtor,” and collectively, the “Debtors”), by and through undersigned counsel, and hereby submits this Fourth Status Report on the sales of the Debtors’ assets. In support thereof, the Trustee respectfully states as follows:

CAH Acquisition Company #1, LLC

1. At the hearing on January 16, 2020 (the “Sale Hearing”), the Court approved the Trustee’s motion to sell this Debtor’s assets [Case No. 19-00730, Dkt. No. 519] to Affinity Health Partners, LLC (“Affinity”) pursuant to Affinity’s stalking horse bid.
2. This Court’s Order approving the sale to Affinity [Case No. 19-00730, Dkt. No. 686] was entered on February 7, 2020. Also on February 7, 2020, the Trustee filed the *Trustee’s Status Report on Sales of Debtors’ Assets* in all of the Debtors’ cases (the “First Status Report”). With respect to this Debtor, the Trustee reported that he and Affinity were maintaining ongoing discussions regarding the closing of the sale of this Debtor’s assets. The Trustee also reported that, after consultation with the Bankruptcy Administrator, Washington County, and First Capital, the Trustee agreed to give Affinity more time to close the sale.
3. Since February 7, 2020, the Trustee has remained in daily contact with Affinity, which has employed Chip Ezell of Cobalt Capital Partners (“Cobalt”) to raise the funds necessary

to close on the sale of the hospital. Using the services of Mr. Ezell, Affinity has approached several asset-based lenders to fund the purchase of the hospital.

4. Affinity Health Partners has executed a Letter of Intent from Northwind Financial Corporation to fund its purchase of Washington Regional Medical Center. Funding is contingent on a current MAI appraisal of the property. Affinity has ordered an appraisal of WRMC, and the MAI appraiser has confirmed that it will be completed by the end of this month. Northwind will loan up to 75% of the stabilized value of the property.

5. The executed Northwind Letter of Intent has been shared with Washington County, First Capital, and the Bankruptcy Administrator.

6. If Affinity does not close in a timely manner, Sherwood Partners, at the direction of the Trustee, has begun the process of re-marketing the property.

7. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company #2, LLC

9. At the Sale Hearing, the Trustee received a bid in open court for this Debtor's assets from Oswego Neuropsych Hospital, Inc. ("NHI"). Pursuant to the Court's Order authorizing the Trustee to consider such bid [Case No. 19-01230, Dkt. No. 297], the Trustee scheduled a phone auction that was ultimately canceled for lack of competing bidders, resulting in NHI as the sole, highest, and best bidder for this Debtor's assets.

10. The Court approved the proposed sale to NHI at a subsequent hearing on January 29, 2020 (the "Second Sale Hearing").

11. In the First Status Report, the Trustee reported that he maintained communications with NHI and was awaiting NHI's comments regarding the Sale Order and APA. At that time, the

Trustee expected that closing would occur before the end of February. The Trustee uploaded the Sale Order and APA, with such Order being entered on February 18, 2020 [Case No. 19-01230, Dkt. No. 324].

12. As stated in the Third Status Report, the Trustee has maintained communications with counsel for NHI and anticipates the closing of the sale of this Debtor's assets will occur in March 19, 2020.

13. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company #3, LLC

14. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01180, Dkt. No. 272] to Atchison Health Association ("Atchison") pursuant to Atchison's high bid at the December 19, 2019 auction (the "Auction").

15. In the First Status Report, the Trustee reported that he had uploaded the Sale Order and APA to the Court, which was entered by the Court on January 31, 2020 [Case No. 19-01180, Dkt. No. 371]. At the time of the First Status Report, the Trustee expected to close the purchase of this Debtor's assets by Atchison before the end of February.

16. The sale of this Debtor's assets did not close in February due to delays related to the purchaser's title insurance company. Atchison has secured a title commitment for the sale, and the Trustee anticipates the sale of this Debtor's assets will close on March 19, 2020. The Trustee is currently holding funds for the full purchase price of the assets in his law firm's client trust account.

17. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company 6, LLC

18. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01300, Dkt. No. 362] to Affinity Health Partners, LLC ("Affinity") pursuant to Affinity's stalking horse bid.

19. This Court's Order approving the sale to Affinity [Case No. 19-01300, Dkt. No. 486] was entered on February 7, 2020. In the First Status Report, the Trustee reported that he and Affinity were maintaining ongoing discussions regarding the closing of the sale of this Debtor's assets. The Trustee also reported that, after consultation with the Bankruptcy Administrator, Washington County, and First Capital, the Trustee agreed to give Affinity an additional thirty (30) days, through and until March 1, 2020, to consummate the closing of this sale.

20. As stated above with respect to Washington County Hospital, the Trustee has remained in daily contact with Affinity with respect to the I-70 facility. The Investors and the lenders mentioned in this Status Report with respect to Washington County Hospital also apply to the I-70 facility, and the lender engaged by Affinity to fund the purchase of the Washington County Hospital facility has been engaged to fund the sale of this Debtor's assets. The Trustee anticipates that the sale of this Debtor's assets will close before the end of this month.

23. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company 7, LLC

24. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01298, Dkt. No. 341] to Transcendental Union with Love and Spiritual Advancement ("TULSA") pursuant to TULSA's high bid at the Auction.

25. In the First Status Report, the Trustee reported that he had uploaded the Sale Order and APA to the Court, which was entered by the Court on February 4, 2020 [Case No. 19-01298, Dkt. No. 450]. At that time, the Trustee expected to close the purchase of this Debtor's assets by TULSA within thirty (30) days following the entry of the Sale Order.

26. As reported in the Second Status Report, this sale was delayed, as TULSA obtained counsel; as noted in the Third Status Report, the Trustee has maintained contact with such counsel and expects the sale to close in March 2020. The Trustee is currently holding funds for the full purchase price of the assets in his law firm's client trust account.

27. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company 12, LLC

28. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01697, Dkt. No. 330] to Rural Wellness Fairfax, Inc. ("RWF") pursuant to RWF's high bid at the Auction.

29. In the First Status Report, the Trustee reported that he maintained communications with RWF and, at that time, anticipated submitting the Sale Order and APA to the Court within a week of the filing of this Status Report, with closing expected to occur within thirty (30) days following the entry of the Sale Order. The Trustee subsequently uploaded the Sale Order and APA, which was entered by the Court on February 14, 2020 [Case No. 19-01697, Dkt. No. 447].

30. As reported in the Second Status Report, the Trustee anticipates that the sale will close within the projected thirty (30) days following the entry of the Sale Order. The parties are working towards a closing date of March 20, 2020, which represents an extension of about one week beyond the estimated closing date reported in the Third Status Report. The delay arose from,

among other things, the parties' efforts to obtain all relevant documents needed to complete the schedules to the APA. These issues have been resolved.

31. The Trustee will update the Court weekly as to the status of this closing, with the next such weekly update being filed no later than March 24, 2020, if needed.

CAH Acquisition Company 16, LLC

32. At the Sale Hearing, the Trustee received a bid in open court for this Debtor's assets from Haskell Regional Hospital, Inc. ("HRH"). Pursuant to the Court's Order authorizing the Trustee to consider such bid [Case No. 19-01227, Dkt. No. 405], the Trustee scheduled a phone auction that was ultimately canceled for lack of competing bidders, resulting in HRH as the sole, highest, and best bidder for this Debtor's assets.

33. The Court approved the proposed sale to HRH at the Second Sale Hearing.

34. In the First Status Report, the Trustee reported that he maintained communications with HRH and was awaiting HRH's comments regarding the Sale Order and APA, and, at the time, the Trustee expected that closing would occur within thirty (30) days following the entry of the Sale Order. Such Order was subsequently uploaded and entered by the Court on February 18, 2020 [Case No. 19-01227, Dkt. No. 430].

35. As reported in the Second and Third Status Reports, the Trustee anticipated that the sale would close within thirty (30) days following the entry of the Sale Order. HRH has requested an additional thirty (30) extension from the Trustee, which the Trustee is in the process of reviewing.

36. The Trustee will update the Court as to the status of this closing, included the requested extension, by the filing of a subsequent status report no later than March 24, 2020.

Respectfully submitted, this the 17th day of March, 2020.

WALDREP LLP

/s/ Thomas W. Waldrep, Jr.

Thomas W. Waldrep, Jr. (NC State Bar No. 11135)
Jennifer B. Lyday (NC Bar No. 39871)
Francisco T. Morales (NC Bar No. 43079)
101 S. Stratford Road, Suite 210
Winston-Salem, NC 27104
Telephone: 336-717-1440
Telefax: 336-717-1340
Email: notice@waldrepllp.com

- and -

HENDREN, REDWINE & MALONE, PLLC

Jason L. Hendren (NC State Bar No. 26869)
Rebecca F. Redwine (NC Bar No. 37012)
4600 Marriott Drive, Suite 150
Raleigh, NC 27612
Telephone: 919-420-7867
Telefax: 919-420-0475
Email: jhendren@hendrenmalone.com
rredwine@hendrenmalone.com

Co-Counsel for the Trustee